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THE ECONOMICS AND POLITICS OF AUDITING GOVERNMENT BUDGETS FOR THEIR GENDER IMPACTS

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THE ECONOMICS AND POLITICS OF AUDITING GOVERNMENT BUDGETS FOR THEIR GENDER IMPACTS

Rhonda Sharp*

> The budget reflects the values of a country — who it values, whose work it values and who it rewards ... and who and what and whose work it doesn't. … The budget is the most important economic policy instrument of the government, and as such can be a powerful tool in transforming our country to meet the needs of the poorest. … [However] Government budgets and policies are often assumed to affect everyone more or less equally: to serve the 'public interest' and the needs of the general 'person'. Until now the average citizen targeted has been white, male, Afrikaans and middle class. Yet in South Africa the average citizen is actually black, poor and a woman. Disaggregated data is needed to demystify the apparent neutrality and, more specifically, the gender neutrality of the budget. (Pregs Govender, foreword to the first South African Women's Budget, in Budlender 1996: 7)

INTRODUCTION

Recently, a number of governments, international institutions, community-based organisations and researchers have begun to explore ways of auditing budgets for their gendered impacts. Most commonly known as 'women's budgets', but increasingly termed 'gender-sensitive' budget analyses or audits, they are not exercises that are designed to produce separate budgets for women. Instead, women's budgets, or gender-sensitive budget audits, seek to breakdown, or disaggregate, the government's mainstream budget according to its impact on women and men, and different groups of women and men (Sharp 1999).

Gender-sensitive budget audits have emerged in response to the need for more effective strategies to monitor and promote economic and social equality between men and women. Gender equality remains an elusive goal in both industrially advanced and developing countries. On a range of economic and social indicators, including

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employment, earnings, asset ownership, paid and unpaid hours of work, education, health and participation in decision making, the outcomes on average for women and men are different. In most cases, women's situation is one of disadvantage relative to that of men (UNDP 1999; World Bank 1999).[1] The goal of gender equality appears to be facing new threats with economic restructuring and the accompanying policy responses. National budgets have been identified by those concerned with these issues as a primary entry point for assessing the intentional and unintentional gender impact of restructuring and structural adjustment policy 'reforms'. National budgets are an important instrument of macro-economic policy and they represent the highest level of political commitment with respect to a country's social and economic policies.

Budgetary changes can have marked and very different impacts on men and women, and different groups of men and women. For example, the removal of food subsidies is likely to have a greater impact on the poor, among which women and their dependent children are over-represented. Similarly, women's relatively lower incomes mean their tax burdens are likely to increase with revenue-raising reforms that replace ability-to-pay principles of income taxation with the user-pays principles of consumption taxes. Reduced access to public education services can lower the level of girls' enrolment in education in those societies that place a lower value on female education. Decreases in public sector employment can increase men's unemployment rates, as the impact of job retrenchments bite into the largest group of the workforce. Public sector downsizing impacts on women's opportunities for full-time employment with the relatively better working conditions than those usually obtained in the private sector. Different budgetary impacts on men and women such as these warrant an assessment for both their equity and their efficiency implications.

This paper will trace the development of gender-sensitive budget audits and their distinguishing features. It will discuss the economic and political rationale for these exercises, and the insights that are beginning to emerge from them. The paper concludes that a political economy analysis of gender-sensitive budget audits highlights the potential of these exercises to scrutinise government activities for their gender and class impacts. However, the realisation of this potential requires the contestation of both orthodox economic ideas and policies and conventional budgetary politics.

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1 For example, the 1999 *Human Development Report* estimates show that a significant gender income gap exists in every region of the world. In Latin America and the Caribbean the real per capita income was US $3837 for females and US $9951 for males. In developing countries women's real per capita income was 47.7 per cent of men's and in industrialised countries it was 58.7 per cent (UNDP 1999: 141).

THE DEVELOPMENT OF GENDER-SENSITIVE BUDGET AUDITS AND THEIR UNDERPINNING ASSUMPTIONS

The first and longest-running audit of the gender impact of budgets was undertaken in Australia. Women's budgets, as they have been called in the Australian context, were undertaken for twelve years by the federal government between 1984 and 1996 and incorporated into the annual national budget. Women's budgets were also implemented by all of the six state and the two territory governments during the 1980s and 1990s. The governments of the Northern Territory and Tasmania continue to undertake such an exercise. During the 1990s a number of new initiatives emerged elsewhere in the world, many of them drawing on the Australian experience and its lessons. Gender budget audits have now been undertaken by either governments or community groups in a diverse group of countries that include the Philippines, Brazil, Barbados, Britain, South Africa, Switzerland, Zimbabwe, Scotland, Canada, Norway, Tanzania, Sri Lanka, Namibia, Fiji, Mozambique, St Kitts, Uganda and the City and Country Council of San Francisco.

Support for gender-sensitive budget audits has also been growing among multilateral agencies. Resources have been contributed to the research and development of these exercises by the Commonwealth Secretariat, various United Nations bodies (UNDP, UNIFEM) and the World Bank. The development agencies of several OECD countries (eg Britain, Sweden and Australia) have also supported them. In addition, interest in gender-sensitive budget initiatives has begun to emerge within regional forums, with the South Pacific Forum Secretariat supporting these strategies among Pacific countries and the South African Development Community fostering them within its region.

Fundamental to all of these exercises is the idea that women's and men's economic and social circumstances are shaped by gender relations. These gender relations are social constructions (as opposed to biologically determined) that assign different economic and social roles to men and women. This conceptual starting point for gender-sensitive budget audits is clearly articulated by the editor of the first South African Women's Budget, Debbie Budlender:

> We understand that women's oppression arises out of a system of gendered social relations that shape women's (and men's) position in society. We know that men are sometimes discriminated against or disadvantaged by these self-same social relations, and we know also that gender oppression will not be successfully tackled unless we address ourselves to both men and women. Nevertheless, we also want to stress that it is overwhelmingly

> women who suffer the most as a result of asymmetrical gender relations (Budlender 1996: 25).

Another key assumption of gender-sensitive budget audits is that gender is an economic issue. That is, gender is not only constituted in the cultural, social and ideological spheres but is also 'reproduced and reshaped in the material practices of "making a living"', with the result being that gender also shapes economic outcomes (Catagay, Elson and Grown 1995: 1828). Furthermore, in each society race, class, sexuality, age, disability, locality and other variables underpin the form and structure of its actual gender relations (Bakker 1994: 3). As a result, the different groups of women and men need to be accounted for in a gender-sensitive budget audit. In this way, gender-sensitive budget audits can accommodate an assessment of the budget's impact on a wide social spectrum.

Gender-sensitive budget audits share similar assumptions about the importance of the government budget for gender. In the first instance, gender-sensitive budget exercises recognise that government budgets command substantial resources and that the state is an influential force in shaping gender outcomes (Sharp 1999). Moreover, gender-sensitive budget audits have emerged in a context of accumulating evidence that government budgets do not allocate expenditures evenly between the sexes. Amartya Sen, for example, argued in 1990 that more that 100 million women are missing in relation to the numbers that might be expected if men and women received similar care in health, medicine and nutrition. Sen concluded that the policies and expenditures of states in a range of areas including education, health and economic rights can either contribute to, or redress, women's disadvantage relative to men (Sen 1990: 66). Lionel Demery's 1996 World Bank study that used a gender-disaggregated benefit incidence analysis of the Ivory Coast government budget revealed that the budget allocated more for boys than for girls at all levels of education. Girls received 41.6 percent of total spending in primary education. The proportion declined to 35.2 percent for secondary education and to 29.3 percent for tertiary education (Demery 1996). The study also shows that gender differences are important in informing governments how to design policies that will benefit the poor. In particular, the study highlighted the relative effectiveness of targeted versus non-targeted government spending in poverty alleviation.

Evidence that budgets have a gendered impact contradicts the more common perception that budgets are 'gender neutral'. This is a perception that has been promoted by the traditional presentation of budgets in terms of financial aggregates. It has also been reinforced by governments and economic commentators portraying policy changes as benefiting all in the community on the basis of an expectation that growth and other economic aggregates will improve. Even if this expectation is borne out in practice the distribution of benefits and costs needs to be taken into account in order to assess how different groups fare. Furthermore, another issue that is now being raised in the literature as a serious matter for investigation is the possibility that the unequal gender impact of policies feeds back negatively on macro-economic performance. (See, for example, the special issue of *World Development*, November 1995.)

Very few of the activities of government are likely to be 'gender neutral' because men and women occupy different economic and social positions in the workforce and in the household, family and community. Throughout the world workforces are gender-segmented by industry, occupation, wages and working conditions and in the types and levels of unemployment. Similarly, a gender division of labour characterises unpaid household, family and community work. The UNDP roughly estimated the unpaid sector in 1995 at US $16 trillion, equivalent to 70 percent of the world's total output, with 69 percent of it undertaken by women (UNDP 1995). As a result, it can be argued that, on average, men and women lead different lives. They undertake different economic activities and social responsibilities, have different capabilities and face different constraints. Consequently, there is considerable scope for men and women to be affected by, and to respond differently to, budgetary policy (Sharp and Broomhill 1990; Elson 1997; Himmelweit 1998). Conventional economic analyses and policies that do not account for these differences are better described as 'gender-blind' (Sharp and Broomhill 1989).

Gender-sensitive budget audits assume that budgets impact on individuals and groups directly by design and indirectly as part of general policy. This has resulted in a 'whole-of-budget' approach as the underlying conceptual framework of these exercises. The need to scrutinise all government activity was captured in the introduction to one of the early Australian women's budgets when it was argued that these exercises seek

> to obtain information about what is being done for women, to raise the profile of women's programs in bids for funding, but also to build into each department a clear awareness that everything they do, every dollar they spend, has an impact on women — and that impact is very often different for women than for men (South Australian Government 1987: 11).

It is not coincidental that such a view also has underpinned the adoption by governments of specialised policy machinery for advancing the position of women. The creation of women's policy machinery has, among other things, fostered the establishment of women's ministries or units whose role has been to mainstream gender issues. This in turn has facilitated the development of practical strategies for scrutinising government activity for its gender impacts on a whole-of-government basis. The existence of well-developed women's policy machinery in Australia is a crucial factor in any explanation of why women's budgets first emerged in Australia (Sharp and Broomhill 1990, 1999).

In practice, gender-sensitive budget audits have focused on the expenditure side of the budget. Many of the exercises undertaken to date share a common conceptual framework drawn from the Australian experience (see Budlender 1996, 1997, 1998a; Budlender and Sharp 1998; Elson 1996; Valdeavilla 1999; San Francisco Commission on the Status of Women 1999). This total expenditure framework required government agencies to report on their global budget according to: (1) whether their expenditures and programs were 'specifically targeted to women and girls, men or boys' (for example, rural women's health initiatives, HIV education programs targeted to men), (2) the gender profile of its employment, with particular reference to expenditures aimed at promoting 'equal employment opportunity' directly undertaken by the agency (for example, affirmative action initiatives in appointments to government boards and committees, workplace sexual harassment education) or (3) 'general or mainstream expenditures' (that is, the remaining expenditures that would involve applying a gender-disaggregated analysis involving questions such as: who are the users of agricultural services? who accesses the export market industry assistance? what assumptions are made about women's role as consumers and producers in energy, transport and water infrastructure expenditures?).[2]

The total expenditure framework has enabled a quantitative assessment of the proportion of government expenditures that are targeted to women and girls relative to non-targeted or general expenditures. An analysis of the 1985–86 South Australian women's budget revealed that special programs for women and girls were minor in terms of the total resource allocations of the government. Direct allocations in the form of specifically targeted budget allocations to women and girls in the community averaged 0.75 of a percent of the global budgets of the 26 participating agencies (Sharp and Broomhill 1990: 3). Because such special programs are often highly visible politically it often appears that disadvantaged groups are well served. While the Australian women's budgets did not explicitly contain a strategy to increase the overall level of direct allocations to women and girls in the community (although this did

2 See Budlender and Sharp (1998) for a diagrammatic presentation of the total expenditure and revenue frameworks. The total expenditure framework was made explicit in the first state government women's budget exercise in South Australia in 1985–86. Sharp was seconded to the Women's Adviser's Office of the SA Department of the Premier and Cabinet to develop the conceptual framework for and coordinate the 1985–86 and 1986–87 women's budgets.

occur on occasions), the exercises did demystify the dimensions of such resource allocations. It also underlined that the remaining 99 percent of the budget that comprises indirect, or general, budget allocations for women in the community are crucial in their impact on women's economic and social position because of their sheer size.

Thus, the essential purpose of gender-sensitive budget audits has been to disaggregate the mainstream policies and allocations of the government budget. A variety of tools or methods that can be utilised for these purposes has been identified from the economic and policy evaluation literature (Elson 1997, 1999). They include gender-aware policy appraisals, gender-disaggregated beneficiary assessments, gender-disaggregated public expenditure incidence analysis, gender-disaggregated tax incidence analysis, gender-disaggregated analysis of the impact of the budget on time use, gender-aware medium-term economic policy frameworks and gender-aware budget statements. Examples of the application of each of these tools are provided in Budlender and Sharp (1998). However, the relative effectiveness of these gender-disaggregated tools of analysis has yet to be evaluated. Such an evaluation would require assessing not only their technical 'robustness' but also how different tools of analysis might contribute to the general process of 'budgetary reform' and gender equity outcomes.

In practice, the most commonly used tools in the longer running Australian and South African exercises have been the gender-aware policy appraisal and the women's budget statement. In 1997 the government of South Africa made a commitment to pilot a gender-sensitive approach within its Medium Term Expenditure Review. The three-year approach to planning government expenditure offered by the Medium Term Expenditure Framework can allow a detailed evaluation over time of gender gaps in policies and resource allocations. However, a central criticism of the Medium Term Expenditure Framework has been that in practice it has focused on financial control and the identification of 'cost drivers' as the primary means of reprioritising the South African Government's expenditures (Budlender 1998a: 21). As a result, expenditures that promote gender equity can be overlooked or even reduced because they are not captured in the cost minimisation or aggregate efficiency measures (for example, pupil–teacher ratios or average number of days spent in hospital) that are dominating the Medium Term Expenditure Review process.

To date, the tools of analysis for dissaggregating the revenue side of the budget have been less researched since expenditure has been overwhelmingly the focus for most gender-sensitive budget audits. However, the community-based exercises in South Africa and Britain have made more progress on revenue analysis than those gender-sensitive budget audits undertaken within the state. The British Women's Budget Group, for example, have examined in some detail the gendered impacts of the tax-transfer system embodied in the Blair Labour Government's policy of 'working families tax credit and work incentives' (Budlender and Sharp 1998: 71; Himmelweit 1999). Clearly, a future stage in the development of gender-sensitive budget audits is to identify the tools for analysing the revenue side of the budget and to assess their application.

Different models or forms of gender-sensitive budget audits can be discerned among the exercises undertaken to date (Sharp and Broomhill 1999; Budlender and Sharp 1998). However, at this stage of their evolution, the different models are primarily distinguished by the institutional arena in which they take place (that is their location) rather than by their conceptual frameworks, the theories they draw upon or the tools they use. Gender-sensitive budget audits are either located or conducted within the state or outside the state by community activist groups. While there has been a growing interest by international institutions such as the World Bank, the United Nations and the OECD Development Assistance Committee in gender-sensitive budget audits, few initiatives within these organisations have been identified (Reeves and Wach 1999: 2). Several multilateral agencies are, however, supporting initiatives by governments of developing countries to develop a gender-sensitive analysis of the national budget.

One of the most developed multilateral programs has been that of the Commonwealth Secretariat. At the 1996 meeting of the Commonwealth Ministers for the Status of Women in Trinidad and Tobago it was recommended that governments of Commonwealth countries seek to strengthen measures to integrate gender into macro-economic policies generally and into budgetary processes in particular (Commonwealth Secretariat 1997). The Commonwealth Secretariat was charged with providing assistance to countries and implementing a pilot project 'Integrating gender into national budgetary process in the context of economic reform'. The governments of Barbados, Fiji, South Africa, St Kitts and Sri Lanka have participated in the pilot. In the process, the Commonwealth Secretariat promoted research into the development of the conceptual framework, and the practice, of gender-sensitive budget audits (see Commonwealth Secretariat 1999).

Examples of 'inside government' exercises include the Australian federal, state and territory government women's budgets, developing Commonwealth countries that are participants in the Commonwealth Secretariat pilot, the gender and development (GAD) budget analysis by the national Philippines government, the Swedish International Development Cooperation Agency assisted exercise in Namibia, and the San Francisco local council initiative. Undertaking an gender-sensitive budget audit within government has the advantage of being able to access a range of information and data about budgets and policy, not readily available to the public, that can be crucial for developing an informed assessment of the gendered impacts of the budget. Inside government exercises also have the capacity to make a direct input into the budgetary decision-making processes within the bureaucracy with a view to bringing about changes in policy, processes and resource allocations. Analyses show that whether gender-sensitive budget audits conducted within government realise these advantages in practice depends upon several factors (Sharp and Broomhill 1990, 1999; Sawer 1990, 1996; Budlender 1998b). Paramount amongst these is the strength of the institutional arrangements to undertake the exercise within the bureaucracy and the capacity to develop an effective gender politics, both inside and outside the state, around the budget.

These are matters that are rarely straightforward in practice. The Australian women's budgets, for example, were underpinned by the existence of a strong specialised women's policy machinery within government. Such institutional arrangements proved to be both a strength and a weakness in the success of the gender-sensitive budget audits. Australian feminists working within the state (called 'femocrats') in the women's policy units were critical in initiating the women's budgets and coordinating the exercises.[3] They fostered a gender politics within government that ensured that all government agencies made an assessment of the impact of their policies and budgets on women and girls. This had a significant impact in increasing awareness within the bureaucracy about gender issues in policy and resource allocation. However, in order to maintain the momentum for change and to go beyond awareness raising, considerable political pressure needed to be applied. This pressure was difficult for the central women's coordinating policy units to sustain by themselves, especially in the face of significant resistance from agencies with economic portfolios such as finance, industry and trade (Sharp and Broomhill 1990). The initial success of the 'femocrats' within the bureaucracy paradoxically contributed to a weak force for change by women's groups and their allies in the community, as these groups were leaving it up to the institutional arrangements created within the state. The need for a strong gender politics supporting gender-sensitive budget analyses demonstrates that these exercises are as much political as administrative and analytical issues (Sharp and Broomhill 1990, 1999). It is a lesson that has been taken seriously by the South African Women's Budget Initiative that has built strong alliances both outside and inside government (Budlender 1998b: 13).

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3 Australia provides a unique example of the direct involvement of the women's movement in policy making in government, with a history dating back to the early 1970s. For a discussion of the role of the 'femocrats' in developing the concept of the Australian women's budget, see Sharp and Broomhill (1990, 1999).

In most countries a strong political agenda for gender equality is more likely to be pushed by groups within the community than within the state.[4] As a result, gender-sensitive budget audits are more likely to originate 'outside government', although in a few cases (South Africa and Uganda) these have included an alliance with parliamentarians. The most comprehensive community-based exercise has been the South African Women's Budget Initiative (SAWBI) which was established in 1995. It has produced a gender analysis of all the national government's sectoral budgets, covering 27 departments and agencies, a gender perspective on various cross-sectoral issues such as taxation, budget reform, public sector employment, inter-governmental fiscal relations and the provincial and local spheres of government (see Budlender 1996, 1997, 1998a, 1999). Other 'outside government' or community-based gender budget audits include the British Women's Budget Group that has been in existence since 1989, initiatives conducted by Women's International League for Peace and Freedom (WILPF), a gender-sensitive analysis within the Canadian Alternative Budget, the Scottish exercise undertaken by Engender, the Switzerland community-based coalition, the NGO initiatives of the Southern African countries (Tanzania, Mozambique and Zambia), and the Washington DC-based Institute for Women's Policy Research.

Gender-sensitive budget audits undertaken by community groups have generally made more substantive criticisms of the 'gender blindness' of economic policies than those conducted within the state. These analyses have focussed on the assumptions underlying budgetary allocations, and have made assessments of the likely impact on policy effectiveness, efficiency and existing patterns of gender inequality. A key achievement of these exercises has been to raise awareness within the community of the significance of budgets for gender equality. Some of these community groups have successfully lobbied governments to make policy and budgetary changes. The community-based exercises can face significant data and resource constraints. Also, considerable effort is required to place gender on the political agenda at budget time when there are many well-organised lobby groups at work. In an effort to include a wider group of people in budgetary debates the South African Women's Budget Initiative has published an accessible booklet, *Money matters: women and the government budget*, and has a significant community training element as part of its processes (Hurt and Budlender 1998; Budlender 1998b, 1999).

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4 For a discussion of these issues in relation to Britain see Himmelweit (1999), for South Africa see Budlender (1998b), and for Scotland see McKay and Bould (1997).

ECONOMIC AND POLITICAL RATIONALES

The relative newness of gender-sensitive budget audits means that detailed theoretical and empirical evaluations of their effectiveness are yet to be developed. What is possible at this stage is an examination of the political and economic arguments utilised by academics, policy makers, governments and activists to justify undertaking a gender-sensitive budget audit. Such a discussion can assist in identifying the approaches that might be explored in future evaluations of these exercises and to develop a research agenda.

There have been two main economic and political arguments presented as rationales for gender-sensitive budget audits. Firstly, a gender-aware approach to budgets can promote efficiency and improve economic performance. Secondly, gender-sensitive budget audits contribute to equity by monitoring a society's progress towards achieving its goals of economic and social equality between men and women.

Improve economic performance

In 1984, in the foreword to the western world's first 'inside government' women's budget, the newly elected Australian Labor Government stated that an understanding of women's economic role and contribution required

> a comprehensive analysis of the impact on women of current taxation, employment, industry, population and social welfare policies and practices (in conjunction with trade unions and women's organisations) in order to develop measures to ensure social and economic equity and efficiency (Department of the Prime Minister and Cabinet 1984: 3).

The then Prime Minister, Bob Hawke, further reinforced the link between gender issues and economics by stating that 'within the overall economic objectives of [his] Government … important decisions we make this year on the budget are made with full knowledge of their impact on Australian women' (Department of the Prime Minister and Cabinet 1984: 3). In these words the central rationale for gender-sensitive budget analyses was captured, namely, to challenge the traditional gender blindness of economic policies at both the micro, meso and macro-economic levels with a view to take into account how they impact on women's economic and social position. More recently, however, the justification for gender-sensitive budget analyses has been extended to include the proposition that ignoring gender issues in policy design not only impacts negatively on women and their contribution to the economy but that it produces inefficiencies that impair a country's macro-economic performance.

The early gender-sensitive budgets focused on the micro-economic aspects of women's disadvantage. The Australian women's budgets, for example, have included identification of the significantly lower levels of government expenditure on industry restructuring in the feminised textiles, clothing and footwear industries compared to the male-dominated passenger motor vehicle industry in Australia (Department of the Prime Minister and Cabinet 1986: 178–182). Other examples of gender inequities that these exercises have uncovered range from women farmer's relatively lower access to farm extension advisers and other agricultural services, barriers to women training in areas that led to (relatively higher paid) trade qualifications to the design of social security benefits on the basis of assumptions that women were the economic dependents of men. These were clearly issues of women's relative disadvantage and they had significant implications for women's employment, productivity, human capital development, pay equity and effective taxation rates. As such, they formed part of a broader feminist critique of the inequities of Australian economic policy with respect to industry, education and training, aged income support, welfare and taxation reform. An analysis of efficiency issues (for example, women's different labour supply responses were identified in labour market, welfare and taxation policy debates) largely occurred at the household and firm level of analysis.

Since the mid 1990s an interest in gender-sensitive budget analyses has been fuelled by the emerging feminist critique of conventional macro-economics. This critique has fostered an analysis that takes the largely unpaid care economy into account. As a result, economic miscalculations that arise from the systematic omission of the costs and contributions of women's unpaid work and the care economy in economic decisions and outcomes have been identified. The idea that gender significantly impinges on a country's macro-economic performance has its origins in the critiques of the structural adjustment and stabilisation policies of the World Bank and International Monetary Fund in the late 1980s and 1990s (Elson and Catagay 1999). These critiques argued that structural adjustment and economic and social policy 'reforms', including changes to budgetary policy, were biased against the poor and women.

The theoretical development of the gender analysis of macro-economics took a leap forward with the special issue 'Gender and adjustment and macroeconomics' in *World Development*, November 1995. In this volume it was argued that conventional macro-economic analyses and policies that failed to take gender into account could perpetuate gender biases and economic inefficiencies in several ways. This included the argument that recognising the unpaid, reproductive work and care work of households is crucial to understanding the quantity and quality of labour available for productive activity. The research also pointed to the role of gender relations in influencing macro-economic variables such as employment, income and sustainable growth as well as the capacity of economic institutions (such as markets, families and states) to perpetuate gender biases (Cagatay, Elson and Grown 1995; Elson and Cagatay 1999: 3).[5]

The editors of the *World Development* volume argued that redefining the economic sphere of inquiry around the concept of the provisioning of human life is the starting point for a gender-aware macro-economic analysis. In contrast to traditional neoclassical economics, which emphasises rational choice as the centrepiece of economics, a provisioning framework focuses the analysis on those things that enable human beings to provide for themselves (Nelson 1995). This includes those things that human beings need in order to 'survive and flourish' and their production through (a combination of) market work, the state mobilising resources through taxation and subsidies, unpaid labour in the home, volunteer and community work and through the activities of other social organisations (Cagatay, Elson and Grown 1995: 1827). In this reoriented and expanded framework a different view of the macro-economy and how it works emerges, along with a space for understanding the role gender relations play within it. In particular, a provisioning framework for informing the macro-economy introduces the 'economy of care' as one of the sectors making up the total economy. This sector reproduces the labour force as well as a variety of social assets such as notions of ethical behaviour, communication skills and trust, that are vital inputs for the public and private sectors (Elson 1998a). In addition, the values that drive the 'economy of care' are different to the values that drive markets and government activity and these values are crucial inputs into production in these sectors as well as to the functioning of the household, family and community sector itself (Beasley 1995; Folbre 1995; Elson 1997). The 'provisioning values' of the domestic care economy include caring and giving, altruism, love, reciprocity and trust.[6] At the conceptual level this can be understood with the use of a gender-aware circular flow model.

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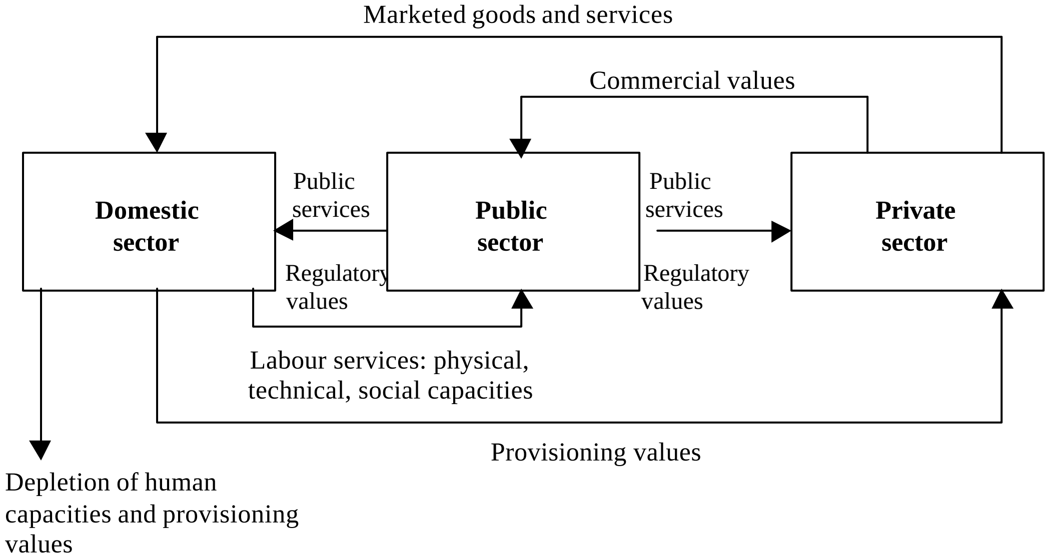
5 These theories will be further developed in a special issue of *World Development* in 2000 'Gender, macro-economics and globalisation'.

6 Provisioning values are complex and involve negative as well as positive aspects. Elson (1998a) points out that, just as commercial values may be thrifty and innovative, they can also be crass and opportunistic. In the case of provisioning values they can be generous and caring as well as small-minded and patriarchal. Moreover, it is important to recognise that no single sector (domestic, public, private) holds a monopoly on any value. Contracts in the private sector require trust, as does the raising of children in the domestic sector. It is more useful to talk about the dominant values that structure the functioning of each sector. Elson (1998a) argues that the private sector is structured by cost recovery and profit seeking, for the public sector it is regulation and for the domestic sector it is the 'dynamic of provisioning'.

Diagram 1: The circular flow of output using a gender-aware framework



Source: Elson 1997, 1998a, 1999; Himmelweit 1998.

Diagram 1, which draws upon the pioneering work of Diane Elson and others, illustrates the main features of a macro-economy that includes the domestic household sector as a site of production of goods and services and values. 'Personal care' and other services produced by the domestic household sector reproduce the labour force over time and on a daily basis. In addition, by identifying the values that are produced in each sector, the depiction of flows of values between sectors (along with flows of money and real resources) shows the potential for 'leakage' of human capacities and provisioning values from the economy. The example of public expenditure cuts to health care services can be used to illustrate how this gender-aware vision of the macro-economy could change the analysis and policy conclusions.

Diagram 2: Health service restructuring: increase in efficiency or transfer of costs to the unpaid care economy?

Many countries are restructuring health services to try to achieve greater efficiency. Efficiency of health services is judged by indicators such as:

- a reduction in costs per patient treated, and
- the rate of return to capital invested.

Health services providers have incentives to:

- reduce the provision of ancillary services (such as laundry) in hospitals, and
- discharge patients from hospital more quickly.

Reduction in the provision of ancillary services transfers costs to the unpaid reproductive economy, for example:

- women doing laundry for hospitalised relatives and friends.

Reduction in the time patients spend in hospital transfers costs to the unpaid productive economy when:

- women look after convalescing relatives and friends.

Source: Elson 1998b, presented diagrammatically in Budlender and Sharp 1998: 25.

Diagram 2 shows that many cuts to public expenditure on health care that are justified on efficiency grounds can constitute a transfer of costs to the unpaid household economy. In such cases policies may be required to augment the activities of the domestic sector and reduce the potential leakage of human capacities and provisioning values. Elson and Catagay (1999) further observe that changes to the budget can produce gendered impacts which in turn have feedback effects on a country's performance via macro-economic aggregates. They argue:

> While government spending is reduced by administrative fiat, the reduction in private consumption requires the 'invisible hand' of market forces. Rising prices and/or falling money income usually suffice to do the trick through 'forced saving' as poorer households are excluded from markets. Under these circumstances the domestic sector becomes the last refuge for the poor in their struggle for survival but its ability to meet these needs depends on how far the unpaid domestic sector can substitute for market purchases. The ability of 'forced savings' to extract sufficient aggregate savings to close the savings gap at the macro-economic level without widespread destruction of human capabilities depends in a large part on the

> domestic sector's willingness and ability to increase magnitude and intensity of (largely women's) unpaid work (Elson and Catagay 1999: 4).

Given that the supply of unpaid labour is unlikely to be infinitely elastic the domestic sector will not be able to fully compensate for budgetary cuts to services, resulting in a reduction in the overall level of macro-economic output. In other words, the domestic sector, up to a point, provides a 'hidden-equilibrating factor' in the form of women undertaking more unpaid work and the household stretching its resources (Elson 1993, quoted by Beneria 1995: 1845). However, beyond some point such adjustment could be expected to result in negative feedback effects on the economy as a diminution of provisioning values occurs. This analysis also indicates that the trade-offs between equity and efficiency may be smaller then conventional economic analysis suggests.

Monitor gender equality and promote its progress

Gender-sensitive budget audits are a means of monitoring outputs and outcomes that would otherwise go unmonitored by the government budget. They also facilitate the collection of new data that can produce different measures and assessments of progress towards gender equality goals than those that might be inferred from conventional review and audit processes of government. As a result, gender-sensitive budget audits can make a significant contribution to monitoring a government's commitment to gender equality and in the identification of gaps and strategies for promoting progress towards these goals.

Gender-sensitive budgets can be distinguished from conventional government audits and reviews that focus on administrative efficiency, and, in fact, have more in common with other social audits such as environmental and poverty impact assessments. However, in contrast to social audits, gender-sensitive budgets, with their specific focus on budgets, link budgetary allocations with policies and programs. This link is crucial in establishing the capacity of gender-sensitive budgets to assess progress towards desired outputs and outcomes in relation to gender equality. Furthermore, this audit function is enhanced in those gender-sensitive budget exercises that require government agencies to identify gender-disaggregated indicators of performance against which they can be assessed for improvements over time.[7] In practice, an

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7 The first attempt to do this was in the 1989–90 South Australian Women's Budget. Departments were asked to provide their own internal indicators of progressive changes and detail the expected future outcomes of current expenditures. This format was an explicit attempt to establish a performance monitoring system that linked official policy with effective resource allocations and actual outcomes (Sharp and Broomhill 1990: 11). These monitoring features were included in the training

important spin-off from this has been that numerous gaps in gender-disaggregated data have been identified. In several cases this has resulted in the implementation of strategies to improve data collection at both individual government agency and national statistical bureau levels. Establishing criteria against which progress will be measured and ensuring the collection of adequate data are essential elements in any strategy for achieving gender equality.

Standard budgetary reviews and government audits have been criticised for their inability to deliver adequate monitoring of progress towards the goal of gender equality. This has provided a rationale for the use of gender-sensitive budget audits as a device for monitoring gender equality. One argument is that a focus on administrative efficiency alone means that conventional budget reviews and audits are more concerned with ensuring narrow financial accountability rather than as a tool for supporting policy making or monitoring of goals. Consequently conventional budgets are weak in their monitoring capacities and gender-sensitive budget audits have a key role in filling this important gap (de Bruyn and Seidman-Makgetla 1997). Administrative problems such as these could in part be addressed by a range of public sector reforms that draw a stronger link between policy goals, performance and budgets. Progress in this direction would mean that gender-sensitive budget audits would become a model for a range of public sector reforms that strengthen the links between budgets, policy outputs and outcomes.

However, there is an even more important theoretical argument for gender-sensitive budget audits as a monitoring device over and above the conventional processes of government administrative review. A body of literature on feminist theories of the state suggests that governments are likely, for a variety of reasons, to play a problematic role in relation to monitoring and promoting politically mandated goals of gender equality. In an early analysis of the Australian experience it was argued that the longer term significance of women's budgets needed to be assessed in the context of the overall role of the state in relation to women's economic and social position. Feminist political economists have argued that the state's role in relation to gender equality is complex and contradictory. Consequently, gender-sensitive budget audits are political, not merely administrative, devices and are part of a political strategy to keep the state on track (Sharp and Broomhill 1990; Sharp 1999).

A recent contribution to this literature has been that of economists Barbara Krug and Irene van Staversen who have employed a public choice theoretical framework to

programs of those Commonwealth developing countries who have participated in the Commonwealth Secretariat assisted pilot on integrating gender into national budgetary processes (see Budlender and Sharp 1998).

identify ways in which governments can fail in effectively monitoring and furthering their goal of gender equality (Krug and van Staversen 1999). They begin with the public choice argument that voters in a democracy cannot know for certain that politicians and bureaucrats are honouring their gender equality commitments. Furthermore, this uncertainty can be compounded by the problem of asymmetric information. They use the concept of asymmetric information to refer to the problem that voters can only guess at the consequences of the state's activities for gender equality. (This may be because the cost of monitoring is too high for individuals.) In this scenario, gender-sensitive budget audits serve as a means by which women can collectively scrutinise government budgets. However, in the process of analysing the practice of gender-sensitive budget audits Krug and van Staversen argue that a particular type of asymmetric information, termed 'selective unattentiveness', has been uncovered by these audits. They give the example of health policy. Several gender-sensitive studies have shown that women are both consumers and producers of informal health care. When data is collected on the assumption that women are consumers of health care and ignores the services they provide in terms of nursing family members, child health and disease prevention due to family hygiene and nutrition, the result is biased or discriminatory policy assessments. This demonstrates the need for new data that allows a broader calculation of costs than that typically undertaken by traditional government audits and other monitoring processes that focus on narrow budgetary costs. Krug and van Staversen conclude that the existence of asymmetric information in the form of 'selective unattentiveness' on the part of policy makers means that conventional methods of monitoring government finances are unlikely to effectively control what governments do. Gender-sensitive budget audits have a special role in overcoming this problem because they are not limited by a given data set (Krug and van Staversen 1999). The adoption of a notion of the economy that treats the household as a site of production as well as consumption further widens the gap between reviews using conventional budgetary data and the data demanded in gender-sensitive budget audits.

CONCLUSION

The emerging interest in gender-sensitive analyses of government budgets by governments, multilateral agencies, community groups and economic researchers is being fuelled by the demand for practical strategies that will monitor and promote economic and social equality between men and women. This has become increasingly important in an environment of globalisation, economic restructuring and policy shifts. At this stage of their development the effectiveness of gender-sensitive budget audits in bringing about change has not been the subject of detailed research. A number of issues have been identified that require investigation, including the different models of gender budget audits, the appropriateness of the conceptual frameworks and the tools of analysis which these exercises draw upon, and the strengths and weaknesses of the theoretical critiques (regarding, for example, the state's role and the macro-economy) that are being made. While many of the world's governments are signatories to international agreements on gender equality (eg the Convention for the Elimination of all Forms of Discrimination Against Women), as well as having implemented national legislation and policies, considerable work remains to be done. In these contexts a key question is: what is the potential of gender-sensitive budget audits to be a mechanism for change?

In the countries in which the exercises have been implemented, gender-sensitive budget audits have raised awareness of the distinct economic and social conditions of men and women and of different classes of men and women. In addition, their distinguishing characteristic of forging links between policies, programs and resource allocations has provided a social impact assessment which provides a picture of the use of government resources according to gender and class. In the process of raising awareness of the distinct experiences and situations of women and other groups gender-sensitive budget audits have highlighted the aggregating or 'gender-blind' tendencies of economic analysis and policy generally, and budgetary policy in particular. The critiques that have been made of this draw on different theories of the state to suggest that conventional budgets, along with their review processes, provide for poor monitoring of the politically mandated goal of gender equality. Furthermore, gender-aware theories of the macro-economy indicate that economic analyses and polices which fail to take into account unpaid care labour and the values and norms generated by the household can lead to significant miscalculations of economic contributions and costs along gender lines. Government policies based on these analyses can lower the level of a country's economic performance.

The potential effectiveness of gender-sensitive budget audits as a strategy for change lies also in their capacity to provide a mechanism for women and their allies to collectively scrutinise the activities of government. This has enormous potential for increasing democratic participation through the fostering of economic and political literacy and empowerment among women. While this potential appears to be shaped by the location of gender-sensitive budget audits within or outside government, these exercises contribute to economic and political debate at two levels. One is at the level of individual policies and the other is at the level of the government's macro-economic strategy. While a list of successes can be compiled showing how individual policies have been influenced by gender-sensitive budget audit processes the record at the level of macro-economic policy is more problematic. Many governments seek to 'depoliticise' their macro-economic strategy even though the choice of a macro-economic framework is both highly political and critical for the goals of gender equality. For reasons such as these, realising the potential of gender-sensitive budget analyses to effectively scrutinise government activities for their gender and class impacts requires not only contesting orthodox economic ideas and policies for their ‘gender blindness’ but also changing conventional budgetary politics. These are significant challenges.

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Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world. There has been progress over the last decades: More girls are going to school, fewer girls are forced into early marriage, more women are serving in parliament and positions of leadership, and laws are being reformed to advance gender equality.Â With lockdown measures in place, many women are trapped at home with their abusers, struggling to access services that are suffering from cuts and restrictions. Emerging data shows that, since the outbreak of the pandemic, violence against women and girls â€“ and particularly domestic violence â€“ has intensified.Â Gender-based violence, including domestic violence, is mitigated and reduced. The economic rationale for gender budgeting is that fiscal policies influence fiscal outcomes, and thus economic output, growth, and equity. For developing countries, sound fiscal policies play an essential role in contributing to the high and sustainable growth that underlies the achievement of many of the Sustainable Development Goals. There are many channels through which fiscal policies influence growth (IMF, 2015a). Sound fiscal policies influence growth through their effect on budget stability and sustainability over time. They help ensure that debt burdens are manageable and economic co Learn about the impact of economic conditions on government policy and understand how governments attempt to engineer certain economic conditions by controlling a country's money supply.Â Economic conditions often inform the policy changes that governments elect to enact. And in the U.S. specifically, government policy has always had a large amount of influence on economic growth and the creation of new business entities. In the broadest sense, the economic activity of a country reflects what people, businesses, and governments want to buy and what they want to sell. Because the U.S. has a capitalist economy that relies on the principles of a free market, theoretically, it is primarily the decisions of consumers and producers that mold the economy. Economics is concerned with studying and influencing the economy. Politics is the theory and practice of influencing people through the exercise of power, e.g. governments, elections and political parties. In theory, economics could be non-political. An ideal economist should ignore any political bias or prejudice to give neutral, unbiased information and recommendations on how to improve the economic performance of a country. Elected politicians could then weigh up this economic information and decide.Â Therefore, they prefer economic policies which seek to reduce government interference in the economy. For example, supply side economics, which concentrates on deregulation, privatisation and tax cuts.